

**COMMENTS OF  
Robert Carlson**

**PRESIDENT OF  
North Dakota Farmers Union**

**ON THE  
2007 Farm Bill**

**PRESENTED TO  
House Agriculture Sub-Committee  
Chairman Moran**

**WALL, SOUTH DAKOTA  
July 31, 2006**

**Chairman Moran:**

My name is Robert Carlson. I am a producer from Glenburn, North Dakota, and also serve as the president of the North Dakota Farmers Union, the state's largest general farm organization. Today I am here to representing the 250,000 farm and ranch families of National Farmers Union. Thank you for the opportunity to appear before you and your committee, and for focusing on the critical task of writing the next farm bill.

We, as family farmers and ranchers, are at a critical juncture in our profession. With more spouses than ever having to turn to off-farm income to make ends meet, farming has become an uphill battle that producers are still committed to fight. State and federal programs must be targeted to benefit and protect the family farm. On the behalf of National Farmers Union, I submit the following suggestions for the 2007 Farm Bill:

**Disaster Assistance**

Since the 2002 farm bill, natural disasters have been on the rise. Farmers and ranchers in 2005 alone faced drought, wildfires, hurricanes, and flooding with nearly 80% of counties in the United States receiving a disaster designation. In North Dakota, 100% of our counties last year were declared disasters due to flooding and drought. This year our producers, like much of the country, are facing a statewide drought.

We believe the 2007 farm bill should include a permanent disaster assistance program. The last farm bill did not include a weather-related provision. Disaster relief provides an economic lifeline to those who have sustained a massive reduction of income that weather-related losses cause.

In order to fund disaster aid, we realize there must be some "give and take." A plausible funding solution for offering a permanent disaster program would be to replace decoupled payments to producers with permanent nationwide disaster assistance.

**Farm Payments and Programs**

Farmers Union members believe farm policy should provide meaningful measure of price protection, be targeted toward family farmers and ranchers, and ensure competition in the marketplace.

A popular urban myth is that farmers are essentially being taken care of by the federal government and are getting rich from government payments. This is not true. According to the USDA, average farm income for 2005 was more than \$76,000. What wasn't considered was that 80% of that total was off-farm income, leaving just around \$12,000 to account for actual farm income. We can do better. Farm policy should ensure that producers earn income equivalent to families in other sectors of our national economy.

In the current farm bill, the counter-cyclical safety net approach works and should be continued. A counter-cyclical mechanism is important to reducing program costs when commodity prices are high. Loan rates and Loan Deficiency Payments (LDPs) are essential to producers. Historically low commodity prices have forced producers to rely heavily on LDPs to supplement their income. According to the Center for Agricultural Policy and Trade Studies at North Dakota State University, the impact of the Loan Program is much larger than other parts of the farm program; about \$9/acre for a small farm and \$16/acre for a medium-sized farm. Almost as important is some sort of indexing of loan rates or payment rates to account for increasing costs of production, especially in times of high-energy costs. For example, indexed costs of 20% would be indexed at a higher loan rate.

In the past, loan rates were based on an average cost of past market prices. We believe this formula is out of date due to vastly higher production costs because of escalating energy prices and loan rates should be figured at a higher rate. In order to do this, we call for the loan rates to be based on cost of production in order to enhance net farm income and provide a safety net.

Farmers Union believes the conservation programs of this current farm bill should not only be continued, but also expanded. Conservation programs should be good for the environment, reward stewardship, discourage speculative development of fragile land resources, strengthen family farming and enhance rural communities. Expansion of conservation programs should include:

- Fully funding the Conservation Security Program, one of the most innovative attempts at rewarding producers for conservation practices on working lands.
- Continuing CRP only on the most environmentally sensitive lands, and offering shorter term CRP contracts for specific conservation

needs. (The enrollment of whole farm CRP should be prohibited however, due to the detrimental effects on rural communities.)

- Encouraging conservation practices that reduce greenhouse gas emissions (e.g. carbon sequestration) through conservation tillage, wetland restoration/creation and grassland management.

### **Trade**

Free trade and fair trade are incongruent terms in today's world. Farmers Union believes that the expansion of trade, especially agricultural trade, can only be achieved by first stabilizing current trading conditions and by long-term planning and commitments toward expanding the world's economy. Our current trade agenda does nothing to level the playing field or provide opportunities for farmers to make a profit from the marketplace. Trade negotiations must include labor standards, environmental standards and currency manipulation.

Free trade establishes a "race to the bottom." Fair trade ensures an adequate, high quality, safe and affordable food supply. We call for a thorough analysis of current agricultural trade agreements to determine their success at meeting their stated goals before any new bilateral or regional trade agreements are negotiated or approved. The measure of the success of a trade agreement has to be its benefit to agriculture and producers' net income.

### **Country of Origin Labeling (COOL)**

COOL has been enacted since 2004, but it has yet to be implemented. Although we take pride in phrases like, "American as apple pie," can we really be sure that the apples used in the pie are from the United States?

We have seen the positive effects of country-of-origin labeling for diverse products, ranging from apparel to seafood. There has been much ado about the high costs of implementing this program, which have not occurred. As one Farmers Union member puts it, "At my local grocery store, they are now carrying seafood with the COOL label. Consumers are still buying seafood, retailers are still selling it and fisherman are still catching seafood. The sky didn't fall when COOL went into affect for seafood and consumers are given a choice."

Despite this, packer and processors with deep pockets still have a larger influence on congress than the surveys that show both consumers and

farmers want it implemented. According to a 2004 National COOL Poll, 82% of consumers think food should be labeled with country-of-origin information, and 81% would be willing to pay a few cents more for food products grown and/or raised in the U.S.

### **Energy**

Energy is vital to securing out nation's needs for food and fiber. NFU and NDFU support a balanced, comprehensive energy policy which seeks energy independence for the United States, protects our nation's environment and recognizes the special needs of America's agricultural sector.

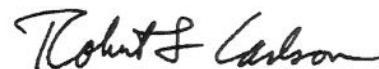
In order to reduce our dependence on fossil fuels, development of renewable sources of energy must be a priority. This must include economic technical assistance for family farmers wanting to transition into increased application of alternative forms of energy.

Not only should the future farm bill contain an energy title to build upon the progress already made in the arena of renewable fuels, it should also promote exploration of the unlimited potential that exists in alternative sources such as wind and solar energy. Harnessing these renewable energy resources and mandating their increased usage is a much needed paradigm shift from our current petroleum-dependent society.

### **Our Vision of Farm Policy**

The measure of success of any farm bill has to be the level of net income for producers. Farm policy should not be developed for multinational corporations, processors, exporters, integrated livestock producers and firms who profit from low commodity prices. We expect higher loan rates, better targeting and oversight of farm program payments to family farms, defined as a unit using land and other capital investments operated by one family who provides stewardship and management, take economic risk, and provide the majority of the supervision and work on the farm or ranch. A vertically-integrated or multinational grain and food conglomerate is not a family farm.

The family farm is the keystone of a free, progressive, democratic national society, as well as a strong America. Above all, farm policy needs to recognize and build on the strength of our nation's agriculture, not throw it on the altar of globalization and the trade agreements that put our producers at an economic disadvantage.



# Biographical Sketch

ROBERT CARLSON

President, North Dakota Farmers Union

In January of 1997, Robert Carlson was elected president of North Dakota Farmers Union, the largest farm organization in the state of North Dakota with more than 33,500 members. As president, he leads the Farmers Union Mutual Insurance Company and the Farmers Union Service Association, an insurance agency wholly-owned by NDFU.

Prior to his election, Carlson served as vice president of NDFU for 10 years.

In the national arena, Robert Carlson represents North Dakota as a board member for National Farmers Union, Farmers Union Enterprises, and National Farmers Union Insurances. He chairs National Farmers Union's Legislative and Trade Committee, and has participated in World Trade Organization talks in Japan and Geneva. Additionally, he has represented family farm interests at world food summits and International Federation of Ag Producers' gatherings in Rome, Japan and France.

Carlson is a former member of the Agricultural Trade Advisory Committee for Grains and Oilseeds as part of USDA's Foreign Ag Service. He recently returned from Cuba on a trade mission trip and has traveled abroad to China and Japan to develop niche markets for North Dakota commodities.

Carlson earned a master's degree in history from the University of North Dakota and has co-authored several works, including The Legacy of North Dakota's Country Schools. He holds a bachelor's degree in education from Minot State University and is a Vietnam veteran.

He and his wife Mary farm south of Glenburn, ND, where they raise small grains. They have two grown sons, Scott and Christopher.

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**Committee on Agriculture  
U.S. House of Representatives  
Required Witness Disclosure Form**

**House Rules\* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2004.**

**Name:** Robert L. Carlson

**Address:** PO Box 2136, Jamestown ND 58402-2136

**Telephone:** 701-252-2341, ext. 114

**Organization you represent (if any):** North Dakota Farmers Union and  
National Farmers Union

- 1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2004, as well as the source and the amount of each grant or contract. House Rules do NOT require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:**

**Source:** \_\_\_\_\_ **Amount:** \_\_\_\_\_

**Source:** \_\_\_\_\_ **Amount:** \_\_\_\_\_

- 2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2004, as well as the source and the amount of each grant or contract:**

**Source:** \_\_\_\_\_ **Amount:** \_\_\_\_\_

**Source:** \_\_\_\_\_ **Amount:** \_\_\_\_\_

**Please check here if this form is NOT applicable to you:** \_\_\_\_\_

**Signature:** Robert L. Carlson

\* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: *Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.*

**PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.**



**Committee on Agriculture  
U.S. House of Representatives  
Information Required From Non-governmental Witnesses**

House rules require non-governmental witnesses to provide their resume or biographical sketch prior to testifying. If you do not have a resume or biographical sketch available, please complete this form.

1. Name: Robert L. Carlson
2. Business Address: PO Box 2136, Jamestown ND 58402-2136
3. Business Phone Number: 701-252-2341, ext. 114
4. Organization you represent: North Dakota Farmers Union and National Farmers Union
5. Please list any occupational, employment, or work-related experience you have which add to your qualification to provide testimony before the Committee:  
President of North Dakota Farmers Union and member of  
Board of Directors of National Farmers Union
6. Please list any special training, education, or professional experience you have which add to your qualifications to provide testimony before the Committee:  
See biographical sketch.
7. If you are appearing on behalf of an organization, please list the capacity in which you are representing that organization, including any offices or elected positions you hold:  
President of North Dakota Farmers Union and member of  
Board of Directors of National Farmers Union

**PLEASE ATTACH THIS FORM OR YOUR BIOGRAPHY TO EACH COPY OF TESTIMONY.**